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2.	MOROCCAN FINANCE	MINISTER	ESTIMATES	ANTICIPATED
	INCOME FROM IIS BA	SES		

Moroccan minister of finance Benjelloun recently informed a member of the French National Assembly's Foreign Affairs Committee he considered an annual rental of 150 billion francs (about \$430,000,000) a reasonable rental, considering the indispensability of the bases to United States security. Benjelloun reportedly indicated that he is planning to meet many of Morocco's obligations, particularly in the field of defense, with revenues from the rental of base sites to the United States.

Comment

Benjelloun is a member of the minority party participating in the present caretaker Moroccan government and does not necessarily represent the views of the sultan or the majority Istiqlal party. Nevertheless his suggestion is in line with other reports that the new Moroccan government will be bargaining sharply on the bases.

French officials have thought that Morocco would seek a rental large enough to cover its expected annual fiscal deficit--estimated by the French at \$200,000,000.

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4. JAPANESE TREND TOWARD RECOGNITION OF PEIPING GAINING STRENGTH

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The prospect of early restoration of normal relations between Japan and the USSR is accelerating the strong trend in Japan toward the recognition

of Communist China. Japanese foreign minister Shigemitsu emphasized this view to Ambassador Allison on 23 May by stating that he believed his government would do little to reverse this trend.

A majority of Japanese, on the political right as well as the left, have long held that Japan must ultimately establish diplomatic relations with Communist China, and Tokyo's primary concern has been only the timing of moves in that direction. Shigemitsu, in noting the recent Egyptian recognition of Communist China, the president of Pakistan's suggestion that the United States recognize Peiping, and the prospective establishment of a French trade mission, apparently was expressing official anxiety that further delay might isolate Japan from its most important Asian neighbor.

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THE ARAB-ISRAELI SITUATION (Information as of 1700, 25 May)

The Soviet military attaché in Syria stated in a conversation with the American army attaché that while the T-34 medium tank was suitable for use in Syria, he was opposed to Syria receiving JS-3 heavy tanks and had so recommended. He added that the Syrians would be better off fighting on camels than in tanks. The Soviet assistant military attaché also declared that even the new military equipment which Syria was receiving would deteriorate rapidly because of Syria's improper maintenance of tanks and vehicles.

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Egyptian armored forces now include two companies of JS-3 heavy tanks, each with 17 tanks mounting 122-mm guns; three companies of SU-100 assault guns, each with 17 100-mm self-propelled guns; a regiment of T-34 medium tanks organized into three companies of 17 tanks each, mounting 85-mm guns; a similar regiment in which each company is reported equipped with 17 T-34's mounting 100-mm guns; and a regiment of Centurions organized into two companies of 17 tanks each. Existence of a T-34 with a 100-mm gun has not been confirmed; however, the new Soviet medium tank, the T-54, mounting a 100-mm gun, has been issued in large quantities to Soviet forces in Germany. No T-54 has previously been reported in connection with the Soviet bloc arms shipments to Egypt. It is not known whether the above units are part of Egypt's newly formed tank division.

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According to Beirut radio, Syria will shortly follow Egypt's example in strengthening its navy by equipping it with modern naval units. At present Syria's naval combat forces consist of three small ex-French submarine chasers.

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